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SUBJECT: IAEA/CSC: ITALY WILL CONSIDER NUCLEAR LIABILITY CONVENTION
RATIFICATION; CHANGES IN NAME, LEADERSHIP OF ENVIRONMENTAL
PROTECTION AND NUCLEAR REGULATORY AGENCY

Refs: A) 8/5/08 Fladeboe-Preston e-mail B) State 54213

1. (SBU) Summary. Italian Government (GOI) officials have acknowledged the need to "dust off the files" on Italy's ratification of the Convention on Supplementary Compensation for Nuclear Damage (CSC), which has languished for a decade. They raised CSC ratification in a July 7 meeting with industry to review the steps required for a return to nuclear power in Italy, and said they will urge the Economic Development Ministry (MSE) to begin the analysis that would be required for the CSC to be submitted to Parliament for ratification. However, the process will not be quick, and there are currently many demands on the limited MSE staff working in the energy area. In addition, the environmental agency which regulates nuclear material in Italy is now being reorganized. End summary.

2. (SBU) On June 24, Post transmitted ref b U.S. views and background paper to MSE Diplomatic Advisor Vincenzo De Luca. On June 27, SCICOUNS delivered them to Counselor Roberto Liotto of the Foreign Ministry's economic bureau, who had just been given responsibility for civil nuclear issues, in addition to other issues. Counselor Liotto then raised the issue of CSC ratification at a July 7 meeting with Italian industry hosted by the Economic Development Ministry, held to review the steps Italy must take to pave the way for a return to nuclear power in Italy after a twenty-year moratorium. Liotto told SCICOUNS that Italy is interested in having firms such as Westinghouse compete in eventual construction of nuclear power plants in Italy, and said that he stressed at the July 7 meeting that ratification of the CSC would make it more feasible for such firms to do so.

3. (SBU) At Liotto's suggestion, on August 5 SCICOUNS and Senior Science Specialist met with a newly-arrived nuclear expert in Liotto's office, Ing. Raffaele Di Sapia, who previously had worked in the Italian Mission to the International Atomic Energy Agency, and in Italy's Agency for New Technologies, Energy and the Environment (ENEA). Di Sapia expressed appreciation for the detailed background paper, and said he would follow up with the MSE to urge them to review/re-start the analysis needed in order for the Berlusconi administration to propose CSC ratification to Parliament. He noted that under Italian law, ratification requires a study of the potential costs to the Italian Republic, so some experts (likely from MSE) will need to complete that study, as well as any studies needed for justifying it from a policy perspective. COMMENT: Since the MSE was tasked in the recently approved budget law with drafting a comprehensive national energy strategy in the next six months, and since the MSE's energy staff also reportedly is being reorganized, it may well take some time for the MSE to complete the studies needed for CSC ratification.

14. (U) On August 6 SCICOUNS and Specialist met with Ing. Roberto Mezzanotte and Dr. Roberto Ranieri of the former Environmental Protection and Technical Services Agency (APAT), to discuss the CSC. They explained that at present, the former APAT (combined with a wildlife and a marine research institute) is officially the Environmental Protection Research Institute (IRPA), the name given to it in a temporary decree in June. However, on August 6 the Parliament gave its final approval for the transformation of APAT and the two institutes into the Higher Institute for Environmental Protection and Research (ISPRA). This name should enter into effect later in August, when the law is published in the Italian equivalent of the Federal Register, and when the new IRPA Commissioner, former senior law enforcement official Vincenzo Grimaldi, is re-named ISPRA Commissioner. The name change from IRPA to ISPRA reflects the agency's continuing regulatory role, including in the nuclear safety/security area. Mezzanotte is the Director of APAT/IRPA/ISPRA's Department of Nuclear Affairs and Technological and Industrial Risk, and Ranieri is the agency's International Affairs Head. They work closely with the U.S. Nuclear Regulatory Commission.

15. (SBU) Mezzanotte and Ranieri said they would alert the MSE and the MFA to the need to dust off the CSC ratification issue and give it new consideration. They were not aware of the considerations led to Italy's signing the CSC in 1998, but said they will try to look into how that decision was made. They noted that one civil nuclear liability issue that is moving through the Italian bureaucracy now is the ratification of the "Paris-Brussels updating protocol" of 2004 (i.e., the ratification of both the "2004 Protocol to Amend the Paris Convention" and the "2004 Protocol to Amend the Brussels Supplementary Convention on Nuclear Third Party Liability"). They also noted that the European Union (EU) is now

defining criteria for nuclear cooperation with developing countries. They implied that the U.S. might want to urge the EU to consider making ratification of the CSC one of the criteria.

16. (SBU) Di Sapia, Mezzanotte and Ranieri all expressed curiosity about other European countries which might be considering signing/ratifying the CSC. Per ref a, SCICOUNS mentioned that the United Kingdom and Norway both appear to have new interest in it. SCICOUNS also mentioned that Japan is looking into CSC signing/ratification, and that should Japan ratify it, the convention would enter into force.

Crawford